

## Macro Insights

31<sup>st</sup> August 2024

### Highlights:

**Fiscal deficit amounts to 17.2% of BE in the first four months of FY25.**

The government's fiscal deficit in April-July 2024 period came in at Rs. 2.77 lakh crore- amounting to 17.2% of the budget estimates vis-à-vis 33.9% of BE reached during the same period last year.

- Capital expenditure was robust at 23.5% of the budgeted target at Rs. 2.6 lakh crore during April-July FY 2024-25 although lower than the last fiscal's achievement of 31.7%.
- On the income side, total receipts were higher at Rs. 10.23 lakh crore- reaching 31.9% of budget estimates compared to 28.5% by this time in the last fiscal being aided by robust tax collections. Net tax revenue came in at 27.7% of the budgeted target- higher than 25.0% during the same time last year.
- Revenue expenditure at 28.0% of the BE during April-July 2024 was lower than the expenditure last year.

### Government of India Accounts (April-July 2024)

	Budget Estimates 2024-2025 (Rs. Crore)	Actuals Apr'24-Jul'24 (Rs. Crore)	% of Actuals to Budget Estimates	
			Current	Corresponding Period Previous Year
Revenue Receipts	3129200	1017020	32.5%	28.9%
Net Tax Revenue	2583499	715224	27.7%	25.0%
Non-Tax Revenue	545701	301796	55.3%	59.3%
Total Receipts	3207200	1023406	31.9%	28.5%
Revenue Expenditure	3709401	1039091	28.0%	30.4%
Capital Expenditure	1111111	261260	23.5%	31.7%
Total Expenditure	4820512	1300351	27.0%	30.7%
Fiscal Deficit	1613312	276945	17.2%	33.9%
Revenue Deficit	580201	22071	3.8%	34.7%
Primary Deficit	450372	-50942	-11.3%	43.2%

Source: CGA

**Views and Outlook:**

- ☞ A slowdown in government programmes owing to the general elections during April-May 2024, the Centre's capex fell to Rs. 1.81 lakh crore in the first quarter of FY25. However, capex doubled to Rs. 80,209 crore in the month of July 2024 from Rs. 38,600 crore in July 2023 which is an encouraging sign and denotes revival of growth activities in the economy.
- ☞ The primary account was also in surplus at Rs. 50,942 crore up to July 2024- indicating improvement in fiscal health.
- ☞ Food subsidy bill was slightly higher reaching 38% of the annual budgeted spend compared to 35% during the same period last year, while petroleum subsidy bill amounted to 30% of BE vis-à-vis 21% last year. In contrast, fertilizer subsidy halved to 28% of BE during April-July 2024 vis-à-vis 56% of BE reached last year. Total subsidy bill of the government was reduced at 33% of BE during the period compared to 38% last year.
- ☞ The Government has lowered its fiscal deficit target for FY25 from 5.1% to 4.9% of gross domestic product and with the kind of momentum generated in the form of higher tax collections and lower revenue expenditure, the fiscal deficit target is likely to be achieved comfortably.

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